(b) This is in accordance with the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Amendment Act, 1998 which has come into force w.e.f. 10th August, 1998. The Act provides for formation of such Councils to arbitrate in cases of delayed payments to the small scale units.

(c) and (d) Under the Act, the State Governments have been vested with the powers and responsibilities to establish one or more Industry Facilitation Councils (IFC) by Notification in the official Gazette. The rules making power is also with the State Government. Every rule made by the State Government under this Act requires to be laid as soon as may be after it is issued or made before the State Legislature. The Act was Notified only on 11th August, 1998 and the States are in the process of Notifying and framing rules under the Act.

(e) IFCs are in the process of being constituted. As such the question of cases received by them does not arise.

(f) As far as Delayed Payment is concerned the Govt. has enacted the Act under which the provision has been made for period agreed upon between the supplier and the borrower for payments shall not exceed 120 days from the date of acceptance or the date of deemed accepting in any case. Further the rate of interest for delayed payment has been fixed to 1½ times of the prime lending rate charged by the State Bank of India (available to the best borrower of the Bank).

However, there exists a Government Purchase Policy under which 358 items are exclusively reserved for purchase from Small Scale Sector and in other cases 15% price preference is given over the lowest quotation of the large scale units. They are also exempted from paying the following:

(i) Availability of Tender Sets free of cost;

(ii) Exemption from payment of Earnest Money Deposit;

(iii) Exemption from payment of Security Deposit;

**Capacity utilisation in the automobile manufacturing sector**

58. SHRI ASHOK MITRA: Will the Minister of INDUSTRY be pleased to state:

(a) the rate of capacity utilisation in the automobile manufacturing sector in each of the years since 1991-92;

(b) the reasons for the reported steady decline in capacity utilisation in this sector; and

(c) whether in view of the circumstances, Government intends to discourage further expension of atleast passenger car manufacturing capacity?

THE MINISTER OF INDUSTRY (SHRI SIKANDER BAKHT): (a) the rate of capacity utilisation in the automobile manufacturing sector since 1992-93 has been as follows:—

| | 1992-93 | 1993-94 | 1994-95 | 1995-96 | 1996-97 | 1997-98 | 1998-99 | (APR-SEPT) |
|---|---|---|---|---|---|---|---|---|
| Four-wheelers | 66% | 78% | 79% | 74% | 74% | 54% | 48% | |
| 3-wheelers & 2-wheelers | 57% | 64% | 74% | 80% | 76% | 72% | 76% | |

(the figures for 1991-92 are not available)

(b) It would be seen from the above table that till 1996-97 the capacity utilisation has been satisfactory. However the capacity utilisation started decling from 1997-98 due to sluggish demand, slump in the economy as also the industry as a whole, and international recessionary trend. Further, with liberalisation, several manufacturers have started building up excess capacities, which also contributed to the under-utilisation of capacity.

(c) Since automobile sector is liberalised, the Government does not intend to discourage expansion of manufacturing capacity as such decisions are left to the commercial judgement of the entrepreneurs.